



DATE: October 20, 2010

TO: Honorable Mayor and City Councilmembers

FROM: Department of Public Works – Harbor & Beaches

SUBJECT: **MEMORANDUM OF UNDERSTANDING WITH THE SAN DIEGO ASSOCIATION OF GOVERNMENTS NOT TO EXCEED \$600,000 AND AN APPROPRIATION OF \$600,000 FROM THE GENERAL FUND CONTRACT FEE REVENUE ACCOUNT (ALLOCATED FROM THE WASTE MANAGEMENT \$1 MILLION CONTRACT AWARD FEE) TO FINANCE THE REMAINDER OF THE REGIONAL BEACH SAND PROJECT II**

SYNOPSIS

Staff recommends that the City Council approve a Memorandum of Understanding (MOU) with the San Diego Association of Governments (SANDAG) in an amount not to exceed \$600,000 for the remainder of the Regional Beach Sand Project II (RBSP II); approve a budget appropriation in the amount of \$600,000 from the General Fund Contract Fee Revenue Account allocated from the Waste Management \$1 million contract award fee to finance the remainder of the project; and authorize the Mayor to execute the MOU.

BACKGROUND

In 2001, SANDAG implemented a Regional Beach Sand Project (RBSP) that placed 2.1 million cubic yards of sand on the region's beaches. In 2004, SANDAG adopted a Regional Comprehensive Plan (RCP), a strategic land use planning framework for the San Diego region through 2030. The RCP supports the implementation of further beach replenishment projects.

In 2008, SANDAG received a grant from the California Department of Boating and Waterways (DBAW) for 85% of the project's funding. DBAW has disbursed \$6.5 million for the first year project implementation for the project. SANDAG expects to receive additional funds for fiscal years 2010 and 2011 in the amount of \$6.5 million for each year for RBSP II.

The sand level on our beaches is at its lowest level in thirty years. The sand is important for two reasons: protection of oceanfront structures and tourism. Transient Occupancy Tax (TOT) represents over \$3 million to the City's General Fund. The

availability of sand on the beaches is an asset that assists our hotels, particularly the coastal hotels, in achieving that TOT. The DBAW grant is a rare opportunity to place sand on our beaches at a greatly reduced cost to the City.

ANALYSIS

On January 21, 2009, the City Council approved an MOU between SANDAG and the cities of Oceanside, Carlsbad, Encinitas, Imperial Beach and Solana Beach to fund preliminary project design for the project. Oceanside paid their share for this stage, \$48,317, in July 2009.

Oceanside's share for the next two phases of the project was originally \$700,542; \$84,111 for FY10/11 and \$616, 431 for FY11/12.

Oceanside has negotiated with SANDAG to lower our cost and sand amount to \$600,000 for 300,000 cubic yards. SANDAG will also allow us to pay the amount in three \$200,000 payments over three years.

Oceanside was originally scheduled to receive 420,000 cubic-yards of sand, placed between Wisconsin and Cassidy Streets.

The lower quantity of sand is still expected to make a significant impact on the beach for more than five years.

The project is scheduled to put the sand on the beach in spring of 2012.

FISCAL IMPACT

The City will be receiving \$1 million contract award fee from Waste Management as part of the new Solid Waste Franchise Agreement, which will be deposited in the General Fund's "Contract Fee" revenue account (1101.4416). \$600,000 of this amount will be used to fund this project, requiring a \$600,000 budget allocation to Beach Maintenance account 600625101.5325.

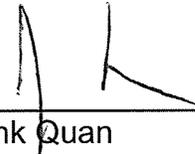
CITY ATTORNEY'S ANALYSIS

The City Attorney has reviewed the MOU and approved as to form.

RECOMMENDATION

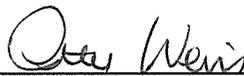
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PREPARED BY:

for 

Frank Quan
Harbor and Beaches Coordinator

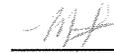
SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

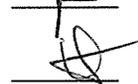
Michelle Skaggs-Lawrence, Deputy City Manager



Don Hadley, Deputy City Manager



Joseph Arranaga, Deputy Director of Public Works



Teri Ferro, Financial Services Director

Attachment: MOU

**AMENDMENT 1 TO MEMORANDUM OF UNDERSTANDING # 5001253
BETWEEN SAN DIEGO ASSOCIATION OF GOVERNMENTS
AND SAN DIEGO REGION'S PARTICIPATING COASTAL JURISDICTIONS
REGARDING REGIONAL BEACH SAND REPLENISHMENT PROJECT II**

This Amendment 1 to Memorandum of Understanding ("Amendment") is made and entered into effective as of this ___ day of _____, 2010, by and between the San Diego Association of Governments ("SANDAG") and the City of Carlsbad, City of Encinitas, City of Imperial Beach, City of Oceanside, and City of Solana Beach ("Coastal Cities").

RECITALS

The following recitals are a substantive part of this Amendment:

WHEREAS, in _June 2009_, the parties entered into Memorandum of Understanding # 5001253 to implement the Regional Beach Sand Project II (the "Project") on a regional basis; and

WHEREAS, SANDAG received funds for fiscal year 2010 in the amount of \$6.5 million for the second year of the Project implementation in the San Diego region from the Department of Boating and Waterways (DBW); and

WHEREAS, SANDAG expects to receive additional funds for fiscal year 2011 in the amount of \$6.5 million for the third year of Project implementation from DBW; and

WHEREAS, the DBW funding requires a 15 percent local match to be paid by the San Diego region for all DBW funds expended on the Project; and

WHEREAS, the Coastal Cities anticipated execution of an amendment to the MOU to reflect their ongoing commitment to provide the 15 percent match for the additional Project funds; and

WHEREAS, the Project methodology to allocate the 15 percent match required by DBW among the Coastal Cities is based on the formula of 60 percent amount of sand received, 10 percent miles of coastline restored, and 30 percent population; and

WHEREAS, SANDAG requires a funding commitment from each Coastal City prior to work commencing on each phase of the Project tasks using the additional funding; and

WHEREAS, the proportional share of the Project for the first three Project tasks (Phase 1) has been paid by the Coastal Cities; and

WHEREAS, the Coastal Cities agree to pay their proportional share of the Project for the second and third phases of the Project, which includes for phase two: biological and shoreline monitoring, planning contingency as needed to fulfill permitting requirements, and construction management and construction costs and construction contingency as needed for phase three; and

WHEREAS, the parties wish to memorialize additions and modifications to the MOU with this Amendment in order to carry out the purposes set forth above;

NOW THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

AGREEMENT

SANDAG AGREES:

1. To manage Phase 2 of the Project in coordination with the Coastal Cities through the Shoreline Preservation Working Group; and involve the Coastal Cities in the implementation of all phases of the Project.
2. The SANDAG Project Manager will invoice the Coastal Cities a minimum of 30 days prior to the start date of Phase 2 of the Project to ensure prompt payment by all parties.

COASTAL CITIES AGREE:

1. The cities of Carlsbad, Encinitas, Solana Beach, and Imperial Beach have approved their appropriation as set forth in the chart below, being its proportional share of the required DBW 15 percent match for Phase 2 of the Project, which includes biological and shoreline monitoring, planning contingency as needed to fulfill permitting requirements, and construction management. Funds will be paid to SANDAG prior to the start date of Phase 2 of the Project.

Jurisdictions	60% Sand	10% Miles (01)	30% Population	Total
Carlsbad	\$38,978	\$6,006	\$20,166	\$65,150
Encinitas	\$46,072	\$7,461	\$12,187	\$65,719
Solana Beach	\$14,172	\$3,675	\$2,747	\$20,594
Del Mar	\$0	\$0	\$0	\$0
San Diego	\$0	\$0	\$0	\$0
Imperial Beach	\$12,141	\$3,065	\$5,686	\$20,892
Total	\$111,363	\$20,207	\$40,786	\$172,355

2. The Coastal Cities understand that SANDAG will not proceed with Phase 2 of the Project without the assurances set forth in this Amendment, reflecting the Coastal Cities' approvals of their respective appropriations, the aggregate of which will fund the Project.
3. The cities of Carlsbad, Encinitas, Solana Beach, and Imperial Beach have approved their appropriation as set forth in the chart below, being its proportional share of the required DBW 15 percent match for Phase 3 of the Project, which includes construction costs and construction contingency as needed to fund the project. Funds will be paid to SANDAG prior to the start date of Phase 3 of the Project.

Jurisdictions	60% Sand	10% Miles (01)	30% Population	Total
Carlsbad	\$285,660	\$44,020	\$147,792	\$477,473
Encinitas	\$337,650	\$54,677	\$89,318	\$481,645
Solana Beach	\$103,866	\$26,935	\$20,130	\$150,931
Del Mar	\$0	\$0	\$0	\$0
San Diego	\$0	\$0	\$0	\$0
Imperial Beach	\$88,980	\$22,461	\$41,671	\$153,111
Total	\$111,363	\$20,207	\$40,786	\$1,263,160

4. For their proportional share of the required DBW 15 percent match for Phases two and three of the Project, the City of Oceanside has approved an allocation of \$200,000 per year over three years for a total of \$600,000, which includes Fiscal Year (FY) 11, FY 12, and FY 13. Funds to be paid to SANDAG prior to the start date of Phases 2 and 3 of the Project and on July 1, 2013.

THE PARTIES MUTUALLY AGREE:

1. That all obligations of SANDAG under the terms of this Amendment are subject to the appropriation of the required resources by SANDAG and the Coastal Cities, and the approval of the SANDAG Board of Directors.
2. That unless it is amended by the parties in writing, the MOU shall terminate on December 31, 2013, or on such earlier or later date as the parties may agree to in writing. Any party wishing to withdraw from this MOU shall provide 60 (sixty) days written notice of its desire to withdraw. If such notice is given, the MOU shall continue to be binding on those parties who have not formally withdrawn, and the withdrawing party shall be responsible for its portion of the costs that SANDAG incurred prior to receiving the notice.
3. This Amendment may be executed in any number of identical counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument when each party has signed one such counterpart.
4. That all terms of the MOU remain unchanged and binding except to the extent they are modified by this Amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment effective on the day and year first above written.

SAN DIEGO ASSOCIATION OF
GOVERNMENTS

APPROVED AS TO FORM:

GARY L. GALLEGOS
Executive Director

Office of General Counsel

City of Carlsbad

APPROVED AS TO FORM:

Claude A. Lewis
Mayor

Ron Ball
City Attorney

City of Encinitas

APPROVED AS TO FORM:

PHILLIP COTTON
City Manager

Glenn Sabine
City Attorney

City of Imperial Beach

APPROVED AS TO FORM:

GARY BROWN
City Manager

Jim Lough
City Attorney

City of Solana Beach

APPROVED AS TO FORM:

DAVID OTT
City Manager

Johanna Canlas
City Attorney